

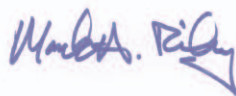
Our mission is to create lasting oral health for the under-served children and adults of Santa Cruz County and neighboring communities.

Dear Friends, Another year and another successful review of our financials, this year by a new auditor—Hutchinson and Bloodgood LLP. While Dientes has conducted regular annual audits for years, the fallout from Sarbanes-Oxley is affecting the non-profit sector, including the adoption of California SB1262, the Non-Profit Integrity Act. This act now requires us to form an independent Audit Committee to select and manage our auditors. We did this and we intend to implement any other required or recommended measures to ensure our compliance and integrity.

Let me provide a brief wrap-up of the year that was and an outlook for the year to come. Key phrases for this year past include "helping many more," "well-oiled machine," and "need to grow." We found our pace during this year, and we're operating near capacity with a run-rate of 16,000 annual patient visits. We've opened on Saturdays to see more patients and we are now fully staffed.

The key phrases for the coming year are "explore expansion" and "look to the schools." We are actively proceeding to add space and two more chairs to this clinic. We are also exploring other prudent expansion options. In school dental screenings and education are a key preventative measure we think would yield positive results. We'd like to join forces with the schools to improve oral health of children. Always moving, always helping—that's Dientes.

Best wishes for a wonderful holiday season!



Mark Riley, MPA



Jim Jacobson, DDS



Jim Jacobson, Board President and Mark Riley, Executive Director

Statement of Financial Position

Current Assets

| | | |
|---------------------|----|---------|
| Cash | \$ | 605,525 |
| Pledges Receivable | \$ | 14,850 |
| Accounts Receivable | \$ | 370,657 |
| Grants Receivable | \$ | 87,455 |
| Inventory | \$ | 37,064 |
| Prepaid Expenses | \$ | 15,857 |

Total Current Assets \$ 1,131,408

Land, Building and Equipment

| | | |
|-------------------|----|-----------|
| Dental Equipment | \$ | 299,917 |
| Office Equipment | \$ | 78,681 |
| Land and Building | \$ | 1,220,877 |

\$ 1,599,475

Less Accumulated Depreciation \$ (205,310)

1,394,165

Loan Fees 4,906

Total Assets \$ 2,530,479

Liabilities and Net Assets

| | |
|----------------------------------|------------|
| Current Liabilities: | |
| Accounts Payable | \$ 40,808 |
| FQHC Back Billing | \$ 259,848 |
| Accrued Expenses | \$ 54,733 |
| Deferred Revenue | \$ 9,197 |
| Current Portion of Notes Payable | \$ 17,823 |

Total Current Liabilities \$ 382,409

Notes payable, less current portion
of \$17,823 in 2005 \$ 364,354

Net Assets:

Unrestricted \$ 1,783,716

Total Liabilities and Net Assets \$ 2,530,479

Statement of Activities

Revenues

| | | |
|--------------------------------|----|-----------|
| Fee for Service | \$ | 2,048,533 |
| Local/State Funds | \$ | 299,778 |
| FQHC Backbill (Net) | \$ | 276,373 |
| Grants | \$ | 119,060 |
| Donations | \$ | 190,727 |
| Interest Income & Other Income | \$ | 3,264 |

Total Revenues \$ 2,937,735

Expenses

| | | |
|-----------------|----|-----------|
| Client Services | \$ | 1,972,159 |
| Management | \$ | 427,425 |
| Development | \$ | 139,105 |

Total Expenses \$ 2,538,689

Increase (Decrease) in Net Assets \$ 399,046

Dientes' Contributors

July 1, 2004 through June 30, 2005

Thank you!

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